

***Delaware Health Resources Board
Beebe Healthcare Oncology Center Review Committee Meeting Minutes
Monday, July 16, 2018 2:00 PM
Edgehill Shopping Center 43 South Dupont Highway Dover DE 19901
Division of Public Health Large Training Room***

Review Committee Members Present:

John Walsh an, Julia O’Hanlon and Nicholas Moriello.

Staff Present:

Latoya Wright in person and Joanna Suder (via conference call)

Call to Order and Welcome

The meeting of the Review Committee for Beebe Healthcare Oncology Center was called to order at 2:09 p.m.

Review of Beebe Healthcare Oncology Application

It was stated that on April 5, 2018, Beebe submitted a Certificate of Public Review application to construct an oncology center in Millville DE. The capital expenditure is \$15-22 million. This application will have a 90-day review period. The Board will need to vote on this application at the July 26, 2018 Health Resources Board meeting.

Project Summary and Background Information

Beebe Healthcare’s Tunnell Cancer Center on the Health Campus between Lewes and Rehoboth is operating at capacity and needs expanding. Rather than expand on that site, Beebe Healthcare proposes constructing a second cancer center on Route 17 in Millville to improve access to care for residents in the South Coastal region. The cancer center will include full multimodality cancer treatment, including Medical Oncology, Radiation, and Chemotherapy. In addition, cancer screenings, diagnostic services, psychosocial support, and survivorship programs that are a hallmark of Beebe’s oncology program will be offered at the new center. Beebe’s Cancer Screening Navigation and Breast Health Navigation programs will also be available.

Delaware residents of the South Coastal region, including towns from Bethany Beach, Ocean View, Selbyville and Frankford to the west, are poorly served with accessible health care services. The Rehoboth and Indian River Bays and the crowded Highway 1 create roadblocks to accessible care. South Coastal residents live the farthest from Beebe Medical Center and other core healthcare services than the other population in Beebe’s Primary Service Area. Beebe Healthcare offers a range of outpatient services in Millville (i.e., primary care, walk-in care, physical rehabilitation, laboratory and diagnostic imaging). Beebe will be expanding on those services on the new site.

Beebe Healthcare proposes to build a comprehensive Cancer Center in Millville Delaware to serve residents of the South Coastal region. This is an area bordered by the Atlantic Coast and the towns of Bethany Beach and Fenwick Island. It stretches west past Route 113 and the towns of Frankford

and Selbyville. There are no Cancer Centers located in this region. Travel for regular and frequent even daily treatments is a burden for these residents.

Constructing a comprehensive Cancer Center in Millville will improve access and reduce travel times for those who are diagnosed with cancer that reside in the southern-most region served by Beebe Healthcare. Travel time to the Tunnell Cancer Center from this region ranges from 30 to 60 minutes and can be 90 minutes during the tourist season.

The cancer center in Millville will provide the same services that are available at the Tunnell Cancer Center at the Health Campus—Rehoboth. These will include:

- medical oncology and hematology
- chemotherapy treatments
- radiation therapy
- surgical oncology consults

The Cancer Center will be 15,107 square feet of dedicated space, with 9,697 square feet of support services (i.e., pharmacy, lab) and space that will be shared by a proposed emergency medicine department (Attachment D.1 – Beebe Oncology Services South Coastal Floor Plan). The Cancer Center will include:

- 6 exam rooms and 3 consult rooms
- 1 linear accelerator for radiation therapy treatments
- 16 chemotherapy infusion bays
- 2 private chemotherapy infusion rooms
- 1 Computed Tomography (CT) room
- 4 Private Physician offices

Conformity of Project with Review Criteria

Criterion I: The relationship of the proposal to the Health Resources Management Plan.

Beebe Healthcare is a not-for-profit; community-based health system founded 102 years ago. Their charitable mission is to encourage healthy living, prevent illness, and restore optimal health with the people residing, working, or visiting the communities they serve. This mission guides Beebe towards providing care for all in their community, regardless of their ability to pay. Beebe's charity policy formalizes this practice. Beebe is a provider of care to Medicare and Medicaid beneficiaries. The Cancer Center, as part of Beebe Healthcare, would operate under this same mission. Beebe is a Medicare and Medicaid participant, and maintain a Charity Care Policy. The health system is accredited by the Joint Commission on Accreditation of Health Care Organizations (JCAHO), and many of its programs, including the oncology program, are accredited by other entities. Beebe is an active participant and supporter of the Delaware Health Information Exchange Network (DHIN). Beebe states their oncology program conform to the Statutory Criteria of the Delaware Code and the seven Guiding Principles that align with the State's health care reform efforts.

Beebe Healthcare has a long history as a certified participant provider for both Medicare and Medicaid beneficiaries. Of Beebe Healthcare's total annual expenditures in fiscal 2017, more than 75% was for the provision of care to Medicare and Medicaid beneficiaries. Of the total annual expenditures for oncology services, about 76% was for the provision of care to Medicare and Medicaid beneficiaries.

Charity Care

Beebe has a formal Charity Care Policy, most recently updated in 2010. (Attachment D.3 – Beebe Charity and Financial Aid Policy) It is the hospital policy that no one will be denied medically necessary hospital services based upon the patient's ability to pay for those services. Patients with income up to 400% of the Federal Poverty Level are eligible for charity care or financial assistance. Public notice of the charity care and financial aid are visible within the hospital and ambulatory care settings. Beebe provided Charity Care totaling \$12,854,008 in fiscal 2017, which constitutes 4.1% of our total patient care expenditures. For Oncology patients, Beebe estimates charity care at \$1,446,250.

DHIN Participation

Beebe Healthcare has been a continuous participant with and financial supporter of the Delaware Health Information Network since its inception. Beebe submits care records to the DHIN daily. In addition, Beebe access care information to support caregivers and care coordinators. Beebe providers access data from the DHIN for multiple purposes to include care coordination. The cancer navigators access DHIN daily to support the coordination of care for their oncology patients. Beebe's Medical Group providers access the DHIN for information on new and existing patients for retrieving up-to-date records and test results.

Care Coordination

The oncology program at Beebe includes a dedicated Breast Health Center Nurse Navigator and a Cancer Screening Nurse Navigator. Both individuals partner with residents and cancer patients for the following: coordinate screening and diagnostic tests, navigate through the health insurance market, remove barriers to timely care, and coordinate cancer treatments. The Nurse Navigators have Masters of Science in nursing degrees. Beebe's efforts include providing transportation to and from oncology treatments for those in need.

The Review Committee agreed the application met criterion I.

Criterion II: The need of the population for the proposed project

The application asserts that Sussex County experienced a significant growth in population over the last 10 years. This growth has put a burden on the current healthcare infrastructure. Planning for future demand is at the core of this proposed expansion. The application states the primary service area of Beebe Healthcare, which is the southeastern portion of Sussex County, the population has grown. To gain further insight into the population growth, below are the population projections per county.

Delaware Population Projections

	2010	2015	2020	2025	2030	2035	2040	2045	2050
Delaware	899,778	949,337	989,665	1,019,558	1,045,587	1,085,047	1,078,927	1,088,789	1,095,621
New Castle	538,912	556,999	574,407	589,665	600,076	607,078	610,640	611,460	609,921
Kent	162,978	176,716	184,920	189,023	196,219	201,960	206,861	211,274	215,279
Sussex	197,888	215,622	230,338	240,870	249,292	256,009	261,426	266,038	270,421

Source: Annual Population Projections, Delaware Population Consortium, October 26, 2017, Version 2017.0

Beebe states there are approximately 83,000 residents in the towns that make up the South Coastal communities south of the Indian River Inlet. Table 3 shows the population within the South Coastal areas.

South Coastal Service Area

Town	Zip Code	Population¹
Bethany Beach	19930	5,009
Ocean View	19970	10,329
Fenwick Island	19944	1,318
Millville	19967	2,196
Dagsboro	19939	7,780
Frankford	19945	9,095
Selbyville	19975	13,309
Millsboro	19966	33,635

Source: Beebe CPR application.

Improving access to care will be especially important for residents of the western towns in the South Coastal service area (Dagsboro, Frankford, Selbyville, and Millsboro).

¹ Zip code-level population data is based on 2010 US Census Bureau, obtained through Datasheer LLC.

Cancer Incidence

The application notes, approximately 1,700 new cancer cases are diagnosed annually among residents of Sussex County, Delaware. Due to projected population growth, the number of new cancer cases in the county is expected to grow to over 2,000 cases by 2021, approximately a 14% increase. Sussex County has a higher cancer incidence (approximately 5.0 per 1,000) than the national average². Due to the large proportion of people over the age of 65 in southeastern Sussex County, the incidence of cancer is likely higher there, though reliable data at this level is not yet available. Americans ages 65+ have ten times the risk of developing cancer than younger people. Population growth, and specifically the growth of the older population, is driving demand for expansion of cancer services.

Travel Burden

Expanding cancer services with a new Cancer Center in Millville will greatly improve convenience, access and reduce the burden of travel. There are nearly 500 Delawareans residing in the South Coastal communities who are diagnosed with cancer each year. In the South Coastal communities, approximately 471 new cancer cases are diagnosed each year. Presently, 100% of those patients must drive from 30 to 60 minutes out of their community for diagnosis and treatment. Approximately half (52%) of these patients drive north to Beebe Healthcare's existing Tunnell Cancer Center for screening, diagnosis, medical and radiation oncology treatment. The remainder drive an equal or greater distance to other services in Delaware or out of state to receive care. Eighty-seven percent leave the county for surgery on solid tumors.

Cancer Mortality and Early Diagnosis

Beebe asserts mortality from cancer has been declining in the U.S. and in Delaware for a number of years. Improvements in medical therapy and radiation technology has improved outcomes, as has increasing the number of cases that are diagnosed at early stages. Beebe states the mortality for African Americans in Sussex County is still higher than national rates. The outreach efforts of Beebe's oncology program to reach African American residents and other people of color include collaborations with the following: community and social service agencies; cancer education, screening services to underinsured/underserved populations and delivery of culturally congruent shared narrative via lay health navigators. Factors contributing to declining incidence and mortality rates include prevention efforts, infection control refined cancer screening processes, expanded treatment options, and immunotherapy.

The Review Committee discussed the need for oncology services and the cancer clusters in the Sussex County area. With the aging population increasing in this county, it is evident that there is a greater need for additional services for this population.

The Review Committee agreed the application meets criterion II.

Criterion III: The availability of less costly and/or more effective alternatives to the proposal, including alternatives involving the use of resources located outside the state of Delaware.

² Cancer Incidence and Mortality in Delaware, 2006-2010, Delaware Division of Public Health, 2014.

There are currently no cancer centers or cancer providers in the South Coastal market. Presently, 100% of patients from these communities drive from 30 to 60 minutes out of their community for diagnosis and treatment.

The majority of South Coastal residents drive to one of the following cancer centers for diagnosis and treatment:

- | | |
|--|------------------------------|
| • Beebe Tunnell Cancer Center (Rehoboth, DE) | 30-45 minutes from Millville |
| • Nanticoke Memorial Health System (Seaford, DE) | 60 minutes from Millville |
| • Milford Memorial Hospital (Milford, DE) | 60 minutes from Millville |
| • Peninsula Regional Medical Center (Berlin, MD) | 30-40 minutes from Millville |
| • Atlantic General Health System (Berlin, MD) | 30-40 minutes from Millville |

Beebe's current Tunnell Cancer Center requires an expansion to accommodate the current and projected population. Building a new Cancer Center will meet the growing demand for those residing in the health system's primary service area. This will improve convenience, access and reduce the travel burden for those being treated for cancer. This project will not require significantly more capital investment than expanding the current site; however, it will improve access significantly for Delaware's southern-most residents.

The Review Committee discussed the other cancer centers providing services to the population in the coastal towns. It was mentioned that these facilities are farther away which places a travel burden on residents. The costs for procedures at the other facilities are unknown, however it is expected that reimbursement costs would be relatively the same for all facilities.

The Review Committee agreed the application meets criterion III.

Criterion IV: The relationship of the proposal to the existing health care delivery system.

The Cancer Center will be owned and operated by Beebe. It will be managed and staffed by the same team that currently serves patients and manages programs at the Tunnell Cancer Center. Since 1996, Beebe has offered treatment for cancer, first at the hospital on Savannah Road, then at an expanded facility at the Rehoboth site. The following services will be extended in full at the new Center:

- Care navigation
- Clinical trials and research,
- Technology
- Survivorship programming
- Screening and early diagnosis

Referral Relationships

The success of Beebe's Tunnell Cancer Center in serving residents of southeastern Sussex County depends upon the productive and supportive relationships between medical, radiation oncologists, surgeons, primary care and other physicians. These relationships are already in place in the South

Coastal community, and will be enhanced with the location of those services proximate to the residents and the referring physicians.

The most common referral patterns in cancer care rely on the surgeon. Of new cancer cases, 90% involve solid tumors such as breast, lung, colorectal, and prostate cancers. Primary Care, Gastroenterology, Pulmonology and OB/GYN physicians are primary referral sources. There are 49 physicians in these specialties in the primary service area, 28 of whom are employed by Beebe Medical Group. These referrals frequently are sent first to an oncologic or general surgeon, and some concurrently see the medical oncologist. There are 15 surgeons (general, oncologic, GYN, urologic, colorectal) who can treat oncology cases in the primary service area, 13 of which are employed by Beebe.

One of the planned service enhancement with the new Cancer Center is rotation of employed surgeons in the new cancer center. This will mean that South Coastal residents will not need to travel out of their community when a surgical consult is recommended as part of their care plan.

Clinical Trials Expand Treatment Options

Through affiliation with Christiana Care, patients of Beebe's oncology program are eligible to participate in clinical trials. Clinical trials bring new and expanded treatment options to patients. In 2017, 89 patients were enrolled in clinical trials offered. This is 10% based on 900 analytic cases and exceeds the Commission on Cancer (COC) standard for 4-6% of annual analytical cases. During the recent COC accreditation survey, Beebe received Commendation for exceeding the clinical research standard.

The Review Committee agreed the application meets criterion IV.

Criterion V: The immediate and long-term viability of the proposal in terms of the applicant's access to financial, management and other necessary resources.

In 2016, Beebe retained the firm, Oncology Solutions, to complete an evaluation of the oncology program at Beebe. Their study included recommendations to strengthen clinical programs, operations, and an evaluation of how best to expand to meet the needs of the population in Beebe's Primary Service Area. Their report included a financial feasibility study for building a second Cancer Center in Millville to serve the residents of the South Coastal region (Attachment E.2 – Oncology Solutions Study).

Based on several assumptions, it is expected the Millville Cancer Center can operate at a net surplus annually, starting in the first full year of operation. The projections are based on the following key assumptions:

- New Cancer Center will serve 80% of the new cancer patients in the South Coastal region.
- Ability to run the center efficiently without a large overhead expense.
- Ability to maintain similar rates of reimbursement from commercial contracts.
- Contract with the radiation oncology practice will remain within its current range for compensation and productivity.

Millville Cancer Center Operating Projection

	Year 1	Year 2	Year 3	Year 4	Year 5
New Medical Oncology Patients	330	358	386	414	435
New Radiation Patients	148	162	177	192	207
Estimated Revenues	\$7,110,966	\$7,708,819	\$8,310,921	\$8,917,305	\$9,412,397
Estimated Expenses	\$6,395,406	\$6,825,064	\$7,262,418	\$7,707,589	\$8,063,935
Operating Surplus/(Deficit)	\$715,560	\$883,755	\$1,048,503	\$1,209,716	\$1,348,462

Source: Beebe CPR application.

By the fourth year of operation, it is projected the new Cancer Center will serve 367 new cancer cases annually, with 414 medical oncology visits and 192 radiation treatment courses. This projection supports 1.5 full time medical oncologists. The projected positive cash flow from operations (Schedule 4) is sufficient to cover the service on the debt required to build the center. As well, the revenue is sufficient to cover the operating and staff costs of the new center. Beebe Healthcare anticipates creating 12-17 new jobs with the expansion of oncology services in Millville. Beebe's 102-year history as a healthcare provider in Sussex County and its positive work culture and focus on quality, safety and highly reliable care support its recruitment efforts for the clinical staff needed for this and other care programs. The full capital cost is projected at approximately \$15 million.

Employment, Diversity and Patient Choice

The Cancer Center will employ 1 full time medical oncologist, 1 full time radiation oncologist, 11 nurses, pharmacist and other clinical staff, 1 clinical licensed social worker, and 3 administrative staff. (See Schedule 7 for details.) Beebe anticipates a few of these positions will transfer from the Tunnell Cancer Center. Some patients at the new center would have been treated at the Tunnell Cancer Center. Beebe does not anticipate a negative impact on the employment or availability of services at other cancer centers in the region. The addition of a Cancer Center in Millville will provide a convenient, high quality choice for patients who choose to stay in their community for treatment.

Borrowing Capacity

For the last two fiscal years (ending June 2017 and June 2016) Beebe Healthcare has maintained a 4.9% and 4.2% operating margin, respectively. It is the positive operations, experienced management team, strong market performance in the Primary Service Area, and the projected growth of the population, that will support Beebe's strategy to issue a tax-exempt bond in mid-2018 to borrow the capital needed for this project. Attachment D.6 in the application provides supplementary financial information. Schedules 11, 12 and 13 provide additional details of the source of financing, feasibility and debt financing for this project.

The Review Committee discussed that based on surplus projections over the next five years; Beebe has the financial viability to manage an existing Cancer.

The Review Committee agreed the application meets criterion V.

Criterion VI: The anticipated effect of the proposal on the costs of and charges for health care.

The application for the proposed project includes the following projected costs during its first full year of operations:

Financial Impact (first full year of operations)

Estimated effect on annual expenses: \$ 6,395,406

Estimated effect on annual revenue: \$ 7,110,966

Estimated effect on individual charges: \$ 0.00

The Review Committee reviewed Schedule 4-Statement of Revenue and Expenses in the application. Beebe does not anticipate any direct impact on individual charges or costs related to delivering cancer treatment at the Millville Center. The Center will be sized to serve only that geographic area, and will not create unused capacity (and cost). The Center will offer more convenient access to cancer treatment for residents and will reduce financial, travel and emotional burden on residents of the South Coastal area. The presence of a Cancer Center in the community will support prevention and cancer screening activities that may increase early diagnosis. This ultimately lowers total cost of care and lowers mortality. Schedule 10 includes the costs for the entire building. Only a portion of which will be dedicated for cancer care. A portion will be used for emergency medicine. A central core will provide shared services such as lab and diagnostic imaging. A portion of the patients being treated at the Millville Center will not be new patients to Beebe; however, those patients will be treated in Millville rather than the Tunnell Cancer Center. Some will be new patients to Beebe that would have otherwise traveled out of the market for care. Beebe anticipates these patients will generate net revenue in the first year of operation.

The Review Committee agreed the application met criterion VI.

Criterion VII: The anticipated effect of the proposal on the quality of health care.

Beebe's oncology program has been dedicated to continuous improvement in cancer care since it was founded more than 20 years ago. Today, multi-disciplinary teams, clinical performance groups, and appropriate investment in technology support an excellent care experience for patients being treated for cancer by Beebe, regardless of their ability to pay.

Multidisciplinary Team Care

Multi-disciplinary team care is at the heart of the quality program for oncology. Each week, the Tumor Board meets. Medical oncologists, radiation oncologists, nurses, care navigators and social workers discuss and formulate a care plan for each patient. The physician leads the care plan design. Patient barriers are identified. The cancer navigators coordinate the care to address any barriers, including financial, transportation, caregiver support, and psychosocial needs. Care plans designed through multi-disciplinary teams ensure optimal coordination between physician specialties, other members of the care team, the patient and their family members. Navigators identify potential issues proactively, ensure timeliness of care, and improve engagement of the

patient, family members and care givers in the process and outcomes of their care. Optimal patient engagement improves adherence with medication protocols and other behaviors that will support the best outcomes. Care navigation continues throughout the care experience and continues into survivorship.

Quality Measures

Beebe's oncology program is accredited through the Quality Oncology Practice Initiative (QOPI®) Certification Program. QOPI provides the following: a standard methodology, a robust library of quality metrics for oncology, a collection tool to reliably and routinely assess care, inform quality improvement activities, and demonstrate quality to patients and external stakeholders. QOPI has 25 measures of quality and 20 Standards. Beebe's oncology program has maintained QOPI certification since 2012.

Screening and Early Diagnosis

In 2017, Beebe's oncology program hosted or participated in 15 community outreach screening events, and provided more than 340 documented education sessions, 1,837 cancer screenings, including skin, breast, and lung cancer. In Delaware, there is a strong focus on increasing early detection of lung cancer through the low dose CT. In 2017, Beebe conducted 1,361 of these screening tests. Of the 38 cases diagnosed, 52% were diagnosed as stage 1 cancers. By collaborating with agencies like First Community Action, local churches, and allied health organizations such as the American Lung Association and recruiting lay navigators (community members who are survivors of cancer); Beebe is successfully reaching a broad section of their community with needed screening and education.

Beebe is actively committed to value-based care initiatives that are focused on the triple aim of improving care, care experiences, and lowering total costs. Beebe has participated in the Medicare Shared Savings Program since 2014 and the Bundled Payment for Care Improvement program since 2015. In addition, the organization has been an active participant in the Delaware Center for Health Innovation, with team members serving on several committees. The delivery of cancer care in accredited centers is guided by the accepted standards of the accrediting organization. The multi-disciplinary team-based care provides checks and balances for care plan development. Together, along with regulatory requirements, these initiatives ensure that Beebe's culture and processes do not incentivize overutilization of healthcare services.

The Review Committee discussed the importance of detecting cancer in the earlier stages and the need for facilities to be closer to patient's homes, which will have a positive impact on the quality of health care.

The Review Committee agreed the application met criterion VII.

Action

Based upon the foregoing findings, the Review Committee hereby recommends approval of the CPR application submitted by Beebe to construct a new Oncology Center in Millville DE with a recommendation to encourage Beebe to develop a proactive recruitment plan.

Next Steps

The Review Committee will provide their recommendation of approval to the Board at the July 26, 2018 HRB meeting.

Adjourn

The meeting adjourned at 3:06 p.m.

Guests Attended

Mark Lookido Beebe Healthcare